

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KENTUCKY POWER	)	
COMPANY FOR: (1) A GENERAL	)	
ADJUSTMENT OF ITS RATES FOR	)	
ELECTRIC SERVICE; (2) AN ORDER	)	
APPROVING ITS 2014 ENVIRONMENTAL	)	CASE NO.
COMPLIANCE PLAN; (3) AN ORDER	)	2014-00396
APPROVING ITS TARIFFS AND RIDERS;	)	
AND (4) AN ORDER GRANTING ALL OTHER	)	
REQUIRED APPROVALS AND RELIEF	)	

COMMISSION STAFF'S REQUEST FOR INFORMATION  
TO THE KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.

The Kentucky Industrial Utility Customers, Inc. ("KIUC"), pursuant to 807 KAR 5:001, is to file with the Commission the original and three copies in paper medium and an electronic version of the following information. The information requested herein is due no later than April 20, 2015. Responses to requests for information in paper medium shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

KIUC shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which KIUC fails or refuses to furnish all or part of the requested information, it shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When filing a paper containing personal information, KIUC shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the response so that personal information cannot be read.

1. Refer to the Direct Testimony of Stephen J. Baron (“Baron Testimony”), page 5, lines 15-21.

a. Provide the basis for the increase in transmission cost recovery of more than \$35 million over the first three years.

b. Explain in detail how the proposal results in a substitution of Federal Energy Regulatory Commission ratemaking for Kentucky Public Service Commission ratemaking for recovery of transmission costs.

2. Refer to the Baron Testimony, page 18, lines 5-11. Explain how the “2.5 times cap” was determined.

3. Refer to the Baron Testimony, page 21, lines 5-8, which state, “There is nothing in the proposed tariff that would provide for such changes. Without providing for such changes, Kentucky Power may not be able to use interruptible load as a PJM

capacity resource.” Provide the changes KIUC would propose to Kentucky Power Company’s (“Kentucky Power”) Tariff C.S.—I.R.P. to address its concern.

4. Refer to the Baron Testimony, page 28, lines 5-16, wherein Mr. Baron expresses KIUC’s concern regarding the Biomass Energy Rider (“B.E.R.”) tariff. Explain why the concerns were not brought forth by KIUC in Case No. 2013-00144.<sup>1</sup>

5. Refer to the Baron Testimony, page 30, lines 7-20, which describe an alternative recovery mechanism for the B.E.R. tariff.

a. Explain why KIUC did not propose to make the first step a calculation of the capacity portion of the biomass facility cost using the most recent PJM base residual auction, and then use the residual amount as the energy value.

b. Confirm that KIUC’s proposal would put an additional amount of the biomass facility costs on residential customers than under the current B.E.R tariff.

6. Refer to the Baron Testimony, Exhibits SJB-2, SJB-3, and SBJ-6. Provide an electronic copy in Excel spreadsheet format of each exhibit, with the formulas intact and unprotected and with all columns and rows accessible.

7. Refer to the Direct Testimony of Lane Kollen (“Kollen Testimony”), page 8, lines 5-7, which state, “I recommend that the Commission adopt a sharing of 90% to customers and 10% to the Company for the SSC rather than the 60%/40% proposed by the Company.” Assume the Commission were to approve the approximate \$14.3 million of off-system sales (“OSS”) in the proposed System Sales Clause (Tariff S.S.C.) tariff

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<sup>1</sup> Case No. 2013-00144, *Application of Kentucky Power Company for Approval of the Terms and Conditions of the Renewable Energy Purchase Agreement for Biomass Energy Resources Between the Company and Ecopower Generation-Hazard LLC; Authorization to Enter into the Agreement; Grant of Certain Declaratory Relief; and Grant of All Other Required Approvals and Relief* (Ky. PSC Oct. 10, 2013).

and Kentucky Power had no OSS in 2016. Given that scenario, describe the impact of the 90 percent/10 percent versus the 60 percent/40 percent sharing on Kentucky Power's retail customers.

8. Refer to the Kollen Testimony, page 31, lines 17-18, regarding the denial of recovery for Deferred CCS/Feed costs by Virginia and West Virginia Commissions. Provide copies of the Orders wherein such costs were denied.

9. Refer to the Kollen Testimony, pages 55-61, and Exhibit LK-18, and to the application of Kentucky Power, Section III, Volume 4, the Direct Testimony of Jason M. Yoder ("Yoder Testimony"), page 16.

a. With reference to the table provided on page 16 of the Yoder Testimony, clarify the amounts of projected costs that KIUC recommends be removed from the calculation of the Big Sandy Retirement Rider ("BSRR") revenue requirement.

b. Refer to the Kollen Testimony, pages 58 and 60. State whether KIUC recommends any revision to Kentucky Power's proposed BSRR tariff with regard to the recovery of actual cost only, and to the determination of the BSRR over/under recovery.

10. Refer to the Kollen Testimony, pages 62-64.

a. Confirm that KIUC recommends approval of the proposed Big Sandy 1 Operation Rider ("BS1OR") tariff, along with the proposed rates as calculated in the application of Kentucky Power, Section III, Volume 4, Exhibit AEV 4 of the Direct Testimony of Alex E. Vaughan. If not, provide any revision KIUC recommends, specifically regarding the return of Big Sandy Unit 1 gas conversion capital when placed

in service and to the determination of the BS1OR over/under recovery in the proposed BS1OR tariff.

b. Refer to the Kollen Testimony, page 63, lines 3-5. Explain why a cap is reasonable if actual costs exceed the proposed cap.

11. State whether KIUC has a position with regard to Kentucky Power's proposed Kentucky Economic Development Surcharge.

12. Refer to the Direct Testimony of Ralph C. Smith, witness for the Attorney General of the Commonwealth of Kentucky ("AG"), pages 59-64, regarding Kentucky Power's proposed BSRR. Identify and explain any differences in the determination of the revenue requirement for the BSRR by the AG and by KIUC, and state with which items you are in agreement in the determination of the revenue requirement.



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DATED APR 06 2015

cc: Parties of Record

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